

Chief, EE

Chief of Mission, Frankfurt

Operational/CADORY

Amendment to DTLINEN Administrative Plan

References: A. EGQW 23477
B. EGBA 20562

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1. [] reviewed the DTLINEN statutes in line with Ref A request. [] agrees with the paragraph 2 Ref A interpretation of paragraph 11 of the DTLINEN statutes; he also confirms the correctness of your paragraph 3 Ref A assumption, e.g., the amendment to the DTLINEN Administrative Plan proposed in paragraph 2 B Ref B will only provide protection for KUBARK equity in DTLINEN property until dissolution of DTLINEN, and that recovery of assets after such dissolution is greatly prejudiced by the current assignment of title. Jewlyn believes Newham and [] could definitely experience difficulties with the finance authorities in explaining their source(s) of funds, in case they claimed return of property "donated or furnished by them." Also, the court might challenge their source of funds.

2. Instead of the paragraph 2 B ref B proposed amendment to the Administrative Plan [] advises that KUBARK's equity could probably be better protected if the DTLINEN Association could be shown to hold only the possession of the property and not its legal title. Other KUBARK sponsored registered associations have been set up with this goal in mind, e.g., the property involved was actually purchased by a cleared lawyer of the Mission by deposit of the purchase price in the lawyer's trust account. The lawyer then took title in the name of an undisclosed client and executed for a nominal rental a lease on behalf of that unnamed client running the registered association. By virtue of his obligation to preserve the client's confidence, the lawyer could and may refuse to reveal the true owner. The problem of how to control the lawyer is mitigated by the lawyer's usual interest and desire to prevent damages to his professional reputation by a revelation that he was involved in any scheme to aid a foreign intelligence service.

3. It may be difficult at the present stage to re-establish the original title since the association's (DTLINEN) records probably show the property was purchased out of association funds. If such a situation exists, it may still be possible to convey the title out to a third person and the association lease it back on the above basis. For example, at the time of the next subsidy payment, a part of it may be paid (through the lawyer) as purchase for equipment and the lawyer then acquire title and lease it back to the association. This procedure would not require an amendment of the statutes. In view of the considerable

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property owned by DTLINEN, any such "transfer of title" would have to be done piece-meal in order to avoid the Berlin/Charlottenburg district court's attention being drawn to the wholesale change in title of DTLINEN property.

4. In addition to the above difficulties, we do not yet have a cleared lawyer who could handle this. It would be better to have one practicing in Berlin, and the association (DTLINEN) might be able to propose one on whom a clearance could be obtained. The case officer will be in the best position to determine the feasibility of the above suggestions and we shall be pleased to help him work it out if it is found practicable and approved by Headquarters.

5. We submit the foregoing suggestions from a legal viewpoint for your consideration only. The suggestions for "reacquiring" DTLINEN property have been considered neither in terms of the security problems involved nor in terms of the value of the property. We realize that the suggested reassignment of title is a complicated procedure. The total value of the property at time of dissolution might not be worth all the trouble and security risks involved in assuring its return to KUBARK. BOB's views and comments should precede any action on this matter

APPROVED:

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